

m/037/088

**From:** Wayne Hedberg  
**To:** Daron Haddock; Doug Jensen; Paul Baker  
**Date:** 7/1/04 7:16AM  
**Subject:** Fwd: Crusher Laydown - Lisbon Valley Project

Doug/Paul & Daron, lets talk about processing this bond estimate Friday or Tuesday when Paul returns.  
Thanks!

>>> "Lee P. Gochmour" <lpgochmour@worldnet.att.net> 6/30/2004 1:32:08 PM >>>  
Wayne:

Per our discussion this morning, you asked that I send you a summary of our discussion on the above referenced subject.

As you are aware, Lisbon Valley Mining Company LLC (LVMC-LLC) purchased a crushing plant from Equatorial Mining Company last past year (April 04). Terms of the sale required dismantle and removal from the original mine site near Tonopah, NV. Rather than pay to have this stored and moved again when construction was scheduled to commence, LVMC-LLC decided to move the crushing facility to Lisbon Valley and store it (on private land owned controlled by LVMC-LLC) until a construction decision could be made. This relocation was contracted out to Merit Consultants of Vancouver.

In order properly store the crusher, Merit Consultants designated an area (~6.42 acres) in the Leach Pad processing site for storage. In doing so, they also did some site grading (for stormwater management) and installed a security station to ensure that the equipment was not vandalized or stolen. In hindsight, UDOGM should have been made aware of this activity prior to storage.

LVMC-LLC wishes to ensure that the site is covered under our existing Reclamation Contract, and wishes to provide financial assurance that the site will be reclaimed. The site is located in the SW 1/4 of Section 25, T 30 S, R 25 E, San Juan County, Utah. Current reclamation cost estimates for the area include the following:

- Grade and apply 12 inches of growth medium	10,375.60 CY @ \$1.25/CY	= \$12,947
- Scarify Area	6.42 acres @ \$174/acre	= 1,117
- Seed Area	6.42 acres @ \$200/acre	= 1,284
- Tent Removal (Lump Sum)		= 1,000

Subtotal = \$16,348

I assume that UDOGM will want to confirm these numbers and that some sort of escalation/inflation factor will need to be included (although the three year period used for mining reclamation may not be appropriate as this storage is temporary)?

After you have reviewed, please feel free to call me at my office so that we may formalize a Reclamation Contract Amendment and get the appropriate (agreed upon amount) posted with your Department.

Lee "Pat" Gochmour  
Consultant to LVMC-LLC  
Phone: 720-851-2900

**CC:** Mary Ann Wright